



SUMMER 2007

LEGISLATIVE UPDATE

SEN. DAVID LONG



BUDGET

- Balances without Games, Gimmicks
- \$2.1 Billion in Property Tax Replacement, \$550 Million Extra in Direct Relief
- Pays Back Colleges, Local Governments
- Focuses on K-12, Higher Education



PROPERTY TAXES

- Provides Extra \$550 Million in 2007-08 Relief
- Reduces Dependence by Local Government
- Gives Locals Options For Further Reductions in Property Taxes
- Controls Excessive Government Construction



EDUCATION

- Provides Additional \$681.7 Million for K-12
- Expands Full-Day Kindergarten Grants to \$90 Million Over Two Years
- Provides Colleges, Universities \$141 Million in New Monies
- Promotes Student Safety, College Access, School Foundations



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Dear Friends,

Indiana's two-year state budget and many new laws went into effect on July 1. As your State Senator, I wanted to share with you some of the ways you, your family and friends might be impacted. Should you have questions on these or other matters involving Indiana government, I trust you will not hesitate to write, telephone or e-mail me. I am honored to serve you.

– Sen. David Long
Senate District 16

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CHARITIES, NOT-FOR-PROFITS BIG WINNERS UNDER GOP SENATORS' CRACKDOWN ON ILLEGAL GAMING

Republicans add more enforcement, stricter penalties against unlawful gaming

- Limit charity gaming nights throughout the year to organizations in existence for 10 years or longer;
- Outlaw cherry masters, video poker and similar machines from public places;

The new law will:

growing statewide scourge of illegal gambling.”

Republican Caucus Chair Jim Merritt (R-Indianapolis) and I co-authored the Republican plan, to “safeguard genuine charity efforts while cracking down on the to sell pull tabs, punch boards and tip boards on their property year round.

House Enrolled Act 1510 will create an Annual Charity Game Night License allowing organizations to host up to three gaming events per week, but no more than two in a row. The new law also creates a new PPT license, allowing not-for-profits to sell pull tabs, punch boards and tip boards on their property year round.

Charities and not-for-profits across Indiana are likely the big winners under the state's impending crackdown on illegal gaming. Republican leaders this session proposed and passed a statewide crackdown on illegal electronic gambling devices by adding more enforcement and stricter penalties.

By limiting gaming to already-established charities, our hope was to prevent any camouflaging of illegal gambling operations as legitimate not-for-profits. The new law and budget will hire 16 new gaming commissioner officers to provide administrative actions. Violators would jeopardize their state licenses to otherwise conduct business, thus freeing-up local law enforcement and prosecutors to focus on local needs.

Gaming Commission officials told members of the Senate Committee on Rules and Legislative Procedure that illegal gambling devices are becoming more common across Indiana in part because local law enforcement and prosecutors often feel the need to concentrate on violence and drug crimes. Some estimate as many as 30,000 such machines have been placed across Indiana.

- Increase penalties to include possible loss of lottery contracts, retail merchant permits and state licenses for the sale of tobacco and alcohol.
- Permit the Gaming Commission to require independent audits of licensees; and
- Increase manpower for Gaming Commission enforcement of illegal gambling laws;



SENATOR DAVID LONG

SERVING DISTRICT 16: ALLEN COUNTY

2007 SUMMER NEWSLETTER

Some Progress Made on Property Taxes, But Vital Work Remains for Local Leaders, State Legislators

Homeowners don't have to be convinced property taxes are out of control... increasing nearly 350 percent since 1980... and climbing an average of 23.8 percent this year alone. That's bad news for all of us – especially senior citizens. The good news is legislators in both chambers made property taxes a priority this past session. Progress was made, but vital work remains for local leaders and state legislators.

For some time, I've advocated modernizing our antiquated tax system. Taxing citizens based on property ownership dates back to the 1800s when Hoosiers generated income from crops and livestock. Today, most parcels are residential—many of ten owned by senior citizens on fixed incomes — and reflect neither income nor ability to pay.

Currently, state government receives only 0.1 percent of property taxes collected. Local governments benefit from the remaining 99.9 percent. Consequently, this year's new laws involving property taxes give additional options and responsibilities to local leaders, so Hoosiers may begin realizing real reform rather than temporary relief.

1. New State Budget Includes \$2.65 Billion in Property Tax Relief. House Enrolled Act 1001, our new two-year Indiana state budget, includes \$2.1 billion in traditional property tax replacement funds to offset costs associated with local government. In addition, lawmakers reacted to reports of residential property tax increasing 25 percent and higher by including another \$300 million for property tax relief yet this year and still another \$250 million to help offset property taxes payable in 2008 — \$2.65 billion of relief in all. Average homeowners will see \$554 in relief for tax years 2007 and 2008. This estimate doesn't include property tax savings that may be realized if counties adopt new Local Option Income Taxes (LOITs).

2. Local Government Can Shift From Property Taxes; Seniors Can Benefit. HEA 1478 gives local governments important tools to shift from outdated, unfair taxes on property to LOITs, which may be used to fund government operations and/or further replace local governments' dependence on property taxes. Neither of these may exceed 1 percent of taxpayers' income. Each must reduce property taxes one dollar for each dollar raised. Adopting entities will be county councils or county option income tax councils. If the income tax is

used for property tax reduction, they may also create a Public Safety LOIT not to exceed .25 percent. Public Safety LOITs, which are new monies for local government, must be used exclusively for police, fire, emergency services or related pensions. Remember, LOITs are intended to help replace Indiana's antiquated system of property taxes with a more modern, fairer tax system based on actual personal income.

3. Indiana's "Circuit Breaker" to Protect Homeowners Remains in Place. The 2 percent "circuit breaker"—lawmakers' commitment that property taxes will not be higher than 2 percent of assessed value on owner-occupied homes — remains in place. Out of fairness, a slightly higher 3 percent "circuit breaker" will apply to business properties. Despite great pressure from local government and schools to increase the residential circuit breaker—and therefore increase your property taxes — the state legislature held firm in favor of lower taxes for homeowners.

4. Local Decisions Can Help Control Costly Government Construction. The new property tax legislation also creates County Boards of Tax and Capital Projects to review local government and school construction projects. Local boards include city and county governments, schools, the county auditor and two citizens elected by voters. This helps keep important cost-containment decisions on the local level and will ensure someone is looking out for the little guy.

5. Much Vital Work Lies Ahead for Local, State Officials. This is just a first step in property tax reform, but is a significant one. However, there is more work to do on behalf of property taxpayers.



President Pro Tempore David Long makes a quiet point to Minority Leader Sen. Richard Young.

BUDGET BALANCES WITH NO GAMES OR GIMMICKS

Bi-Partisan Plan Includes \$2.65 Billion in Property Tax Relief, Focuses on Education, Healthcare, Jobs and Public Safety

Indiana has its second consecutive truly balanced budget in more than 10 years — without games and gimmicks. It pays back \$281.6 million owed by previous state administrations to universities and local government. It includes \$550 million in property tax relief and focuses on education, health and human services, jobs and transportation, public safety and the environment.

Property Tax Relief: \$2.1 billion is included for the property tax replacement funds to offset costs associated with local government. An extra \$300 million in relief is included for property tax bills arriving in 2007 and \$250 million in additional Homestead Credits are applicable in 2008. That's \$2.65 billion in all.

K-12 Education: Local public schools will see 3.8 percent increases in both 2008 and 2009, totaling \$681.7 million. Full-Day Kindergarten grants are expanded

from \$8.5 million annually to \$92 million over two years. Increases are included for accountability testing, remediation and advanced placement tests for college-bound students. \$19.1 million is provided for textbook reimbursement for free and reduced-lunch students.

Higher Education: Colleges, which are serving as engines for Indiana's economic comeback, receive a 4.9 percent increase in 2008 and a 4.6 percent increase in 2009. \$62.2 million in monies already owed them by previous state administrations is repaid.

Health & Human Services: Medicaid is increased 5 percent each year. Community and Home Options to Institutional Care for the Elderly is funded at \$48.8 million. 400 additional caseworkers are provided for the Division of Child Services. \$400,000 is included for youth counseling, after-school and work-study programs. A new statewide system for recording errors by healthcare providers is also funded.

Jobs & Transportation: Job creation is bolstered

through a \$6 million High Growth Business Incentive Fund used to close deals with hot business prospects. \$750,000 in new monies increases tourism marketing. Indiana's Life Sciences Initiative will be supported by \$20 million. Efforts to reduce high foreclosure rates are funded at \$400,000 annually. \$1.32 billion is appropriated from Major Moves for major highway projects, creating thousands of jobs and stimulating further development nearby.

Public Safety: Significant salary increases will be paid to Indiana State Police, Capitol Police, DOC Corrections Officers and DNR Conservation Officers. \$2.6 million in new monies will go to prepare Indiana National Guardsmen for combat in urban settings. \$1.2 million will aid the Adjutant General's program combating high school dropouts. \$2.5 million from fireworks fees is appropriated for regional public safety training and disaster relief.



SENATE ADVANCES SCHOOL FUNDING, FULL-DAY KINDERGARTEN, STUDENT SAFETY

High-Ability Students, College Affordability Also Key Measures Passed, Signed Into Law

Increasing school funding, expanding full-day kindergarten and promoting school safety were three of many education advancements advocated by Indiana Senators. Each measure was passed with bi-partisan legislative support and signed into law by Gov. Mitch Daniels.



Sen. Long speaks with pages on the Senate floor. Students in grades 6-12 are encouraged to observe and take part in the legislative process by serving as a page for a day.

Full-Day Kindergarten was expanded significantly from earlier pilots of \$8.5 million annually to \$92 million dollars over the

next two years. FDK grants will allow local school boards to decide if FDK is right for their students, parents and community. Research shows FDK's benefits include stronger academic gains, improved reading proficiencies, fewer grade retentions and special education placements.

Preparedness drills for man-made disasters—firearm and bomb threats, nearby robberies or gas leaks—will become required at least once each semester. Recent attacks at schools and universities in other states have shown attacks can happen anywhere at any time. School safety officials and legislators agreed the best time to react to these tragedies elsewhere is before action by Indiana administrators, teachers and students is needed.

High-ability students will be assured appropriate curricula to be engaged and challenged in school. Senate

Enrolled Act 408 requires every school corporation to establish programs for high-ability students and sets guidelines on how students are to be evaluated and identified as high-ability.

Indiana's 21st Century Scholars Program was established in 1990 with the goal of ensuring all Hoosier children could afford an education at our public colleges or universities. The program allows seventh and eighth graders eligible for free or reduced-priced lunches to receive full tuition as long as they keep pledges to graduate with a cumulative high school GPA of at least 2.0 on a 4.0 scale, do not use illegal drugs or commit a crime. HEA 1647 expands the program by opening enrollment to children who are in the sixth grade. This will allow more students more time to prepare academically and behaviorally for their lifelong dreams of attaining higher education.